

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

In the Matter of:

Elwell Post Office
Elwell, Michigan 48832

Docket No. A2012-112

UNITED STATES POSTAL SERVICE
COMMENTS REGARDING APPEAL
(February 27, 2012)

On January 3, 2012, the Postal Regulatory Commission (Commission) received a petition for review postmarked December 24, 2011, from postal customer Marjorie Brecht (Petitioner), objecting to the discontinuance of the Post Office at Elwell, Michigan.¹ Thereafter, the Commission received two more petitions, from John Hutchins (Petitioner Hutchins) on January 6, 2012, and from Patricia Walsh Mallory on January 11, 2012.² On January 19, the Commission issued a Notice of Filing under 39 U.S.C. § 404(d). On that same day, the Postal Service filed the administrative record.³ The following day, January 20, 2012, the Commission issued Order No. 1155, its Notice and Order Accepting Appeal and Establishing Procedural Schedule under 39 U.S.C. § 404(d). On February 7, 2012, Petitioner Hutchins filed a Participant Statement. The following is the Postal Service's answering brief in support of its decision to discontinue the Elwell Post Office.

¹ This discontinuance was conducted pursuant to Handbook PO-101, dated August 2004, and updated with Postal Bulletin revisions through August 2, 2007.

² Petitioner Mallory's petition included a one-page letter and four copies of a one-page petition, signed by various customers of the Elwell Post Office.

³ United States Postal Service Notice of Filing Administrative Record, PRC Docket No. A2012-112, January 19, 2012. Along with the administrative record, the Postal Service filed a Motion for Late Acceptance, PRC Docket No. A2012-112, January 19, 2012. Also, on February 10, 2012, the Postal Service filed a Notice of Filing Corrected Administrative Record – Errata, PRC Docket No. A2012-112.

The three petitions for review and Participant Statement from Petitioner Hutchins received by the Commission raise four issues: (1) the effect on postal services, (2) the impact upon the Elwell community, (3) economic savings, and (4) the impact on employees. As reflected in the administrative record of this proceeding, the Postal Service gave these issues serious consideration. Accordingly, the determination to discontinue the Elwell Post Office should be affirmed.

Background

The Final Determination To Close the Elwell, MI Post Office and Continue to Provide Service by Rural Route Service (“Final Determination” or “FD”)⁴, as well as the administrative record, indicate that the Elwell Post Office provides EAS-53 level service to 24 Post Office Box customers and to retail customers 36 hours per week.⁵ The postmaster of the Elwell Post Office retired on January 30, 2009. Since the postmaster vacancy, a noncareer officer-in-charge (OIC) has been installed to operate the office. Upon implementation of the final determination, the noncareer employee may be separated from the Postal Service, although attempts will be made to reassign the employee to a nearby facility.⁶ The average number of daily retail window transactions at the Elwell Post Office is 18, accounting for 19 minutes of workload daily. Revenue is declining: \$44,231.00 in FY 2008 (115 revenue units); \$38,223.00 in FY 2009 (100

⁴ The Final Determination can be found at Item No. 47 in the Administrative Record. All citations to the Final Determination will be to “FD at___,” rather than to Item 47. The FD page number refers to the pages as marked on the upper left of the document. Other Items in the administrative record are referred to as “Item No.____.”

⁵ FD at 2; Item No. 18, (Form 4920) Post Office Closing or Consolidation Proposal Fact Sheet (“Fact Sheet”).

⁶ FD at 11.

revenue units); and \$ 31,815.00 in FY 2010 (83 revenue units).⁷ The Elwell Post Office has no permit or meter customers. FD at 2; Item No. 18, Fact Sheet.

Upon implementation of the final determination, delivery and retail services will be provided by rural route service administered by the Riverdale Post Office, an EAS-15 level office located five miles away,⁸ which has 122 available Post Office Boxes. FD at 2; Item No. 18, Fact Sheet. This service will continue upon the implementation of the final determination. FD at 2. Rural Service will also be provided to cluster box units (“CBUs”), free-standing units of individually locked mail compartments installed and maintained by the Postal Service at no cost to the customer. FD at 2, 11. A parcel locker may also be installed. FD at 2.

The Postal Service followed the proper procedures which led to the posting of the Final Determination. All issues raised by the customers of the Elwell Post Office were considered and properly addressed by the Postal Service. The Postal Service complied with all notice requirements. In addition to the posting of the Proposal and Final Determination, customers received notice through other means. Questionnaires were distributed to delivery customers of the Elwell Post Office. Questionnaires were also available over the counter for retail customers at Elwell. FD at 2; Item No. 20, Questionnaire Instruction Letter from P.O. Review Coordinator to OIC/Postmaster at Elwell Post Office. A letter from the Manager of Post Office Operations, Grand Rapids,

⁷ FD at 2; Item No. 18, Fact Sheet.

⁸ Petitioner Hutchins, in his Participant Statement, alleges that the distance between the Elwell Post Office and the Riverdale Post Office “is understated in the record thereby causing the impact to be judged less than factual.” However, mileage may depend on the route selected and vary based on upon the mapping tool that is used to generate the distance. Moreover, the difference of 0.7 miles between the five miles stated in the record and the 5.7 miles cited by Petitioner Hutchins is relatively insignificant. In addition, the discrepancy does not materially affect the Postal Service’s ability to provide regular and effective services to the Elwell community through the proposed alternative service.

Michigan was also made available to postal customers, which advised customers that the Postal Service was evaluating whether the continued operation of the Elwell Post Office was warranted, and that effective and regular service could be provided through carrier delivery and retail services available at the Riverdale Post Office. The letter invited customers to complete and return a customer questionnaire wherein they could express their opinions about the service they were receiving and the effects of a possible change involving carrier delivery. Item No. 21, Letter to Customer, at 1. The returned customer questionnaires and Postal Service response letters appear in the administrative record in Item No. 22. In addition, representatives from the Postal Service were available at the Seville Township Hall for a community meeting on April 19, 2011, to answer questions and provide information to customers. FD at 2; Item No. 21, Letter to Customer, at 1; Item No. 24, Community Meeting Roster; Item No. 25, Community Meeting Analysis. Customers received formal notice of the Proposal and Final Determination through postings at nearby facilities. The Proposal was posted with an invitation for public comment at the Elwell and the Riverdale Offices⁹ from June 13, 2011 to August 14, 2011. FD at 2; Item No. 32, Invitation for Comments Exhibit; Item No. 33, Proposal Exhibit, at 1; Item No. 36, Round-date stamped Proposal and Invitation for Comments. The Final Determination was posted at the same two Post Offices beginning on December 6, 2011, as confirmed by the round-dated Final Determination cover sheets.¹⁰

⁹ The Riverdale Post Office is not a candidate facility within the Retail Access Optimization Initiative (RAOI). See Docket No. N2011-1, USPS LR-N2011-1/11 Rev 1, at <http://www.prc.gov/prc-pages/library/detail.aspx?docketId=N2011-1&docketPart=Documents&docid=75971&docType=Library%20References&attrID=&attrName=>.

¹⁰ Item No. 49, Round-date stamped Final Determination cover sheets.

In light of a postmaster vacancy, minimal workload, declining office revenue,¹¹ the variety of delivery and retail options (including the convenience of carrier delivery and retail service),¹² very little recent growth in the area,¹³ minimal impact upon the community, and the expected financial savings,¹⁴ the Postal Service issued the Final Determination.¹⁵ Regular and effective postal services will continue to be provided to the Elwell community in a cost-effective manner upon implementation of the final determination. FD at 8.

Each of the issues raised by the Petitioners is addressed in the paragraphs which follow.

Effect on Postal Services

Consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iii) and as addressed throughout the administrative record, the Postal Service considered the effect of closing the Elwell Post Office on postal services provided to Elwell customers. The closing is premised upon providing regular and effective postal services to Elwell customers.

The Petitioners raise the issue of the effect on postal services of the Elwell Post Office's closing, noting the convenience of the Elwell Post Office and requesting its retention. Specifically, Petitioner Mallory alleges that the alternative service is inconvenient and will not provide the maximum degree of regular and effective postal services. Petitioner Mallory notes that it will be inconvenient for customers to purchase money orders/stamps and sending/receiving accountable mail such as registered and

¹¹ See note 7 and accompanying text,

¹² FD at 2-9.

¹³ Item No. 16, Community Survey Sheet, at 1.

¹⁴ FD at 10; Item No. 29, Proposal Checklist, at 2.

¹⁵ FD at 9, 11.

certified mail. Contrary to the assertions of Petitioners Mallory and Hutchins that it will be inconvenient for customers to obtain service from the carrier, customer convenience may be enhanced upon implementation of the Final Determination because the provision of rural carrier service will alleviate the need for customers to travel to the Post Office for retail services and will provide them with 24-hour access to their mail.¹⁶ FD at 9. Upon the implementation of the Final Determination, most retail services provided at the Post Office will be available from the carrier. In fact, most transactions do not require meeting the carrier at the mailbox. Stamps by Mail and Money Order Application forms are available for customer convenience. FD at 7.

The Stamps by Mail Program provides customers with the opportunity to purchase stamps, envelopes, and postal cards by completing a Stamps Purchase Order Form, which is available from the Post Office or the carrier. FD at 6. The customer addresses the postage paid order form envelope, encloses payment by personal check or postal money order made payable to the US Postal Service, and mails the form (postage-free) or leaves it in the mailbox for carrier pick-up. Most orders are processed overnight, and some immediately. FD at 6.

Money orders may also be purchased from the carrier to facilitate customer's bill paying needs.¹⁷ Customers may purchase money orders by meeting the carrier at the mailbox, completing an application, and paying the carrier (in cash) the price of the

¹⁶ Petitioner Brecht alleges that traveling to the next town for Post Office Box service will place a hardship on customers because of the cost of gasoline and other reasons. However, customers may continue Post Office Box service at the administrative Post Office or opt for carrier service. Customers who opt for carrier service will not have travel to another Post Office for service or pay Post Office box fees. FD at 9.

¹⁷ Petitioner Brecht mentions that she pays all her bills at the Post Office. Upon implementation of the Final Determination, Petitioner Brecht can continue this practice through the carrier or at the administrative Post Office.

money order, plus the fee. FD at 6. The carrier gives the customer a receipt for the application, completes the money order upon returning to the Post Office, and leaves a money order receipt in the customer's mailbox on the next delivery day. FD at 6. For more expedited service, most customers provide the carrier with a stamped, self-addressed envelope in which the completed money order is mailed to its destination. If customers prefer, money orders will be returned for verification on the next delivery day. FD at 6.

Special Services such as certified, registered, Express Mail, delivery confirmation, signature confirmation, and COD may also be obtained from the carrier by leaving a note in the mailbox, along with the appropriate payment. FD at 6. The carrier will provide the services that day and leave a customer receipt in the mailbox on the next delivery day. FD at 6.

Petitioner Mallory raises concern for the elderly who do not drive, have internet access, or electronic banking. Carrier service is also beneficial to many senior citizens and those who face special challenges because the carrier can provide delivery and retail services to roadside mailboxes or CBUs close to customer residences. FD at 7. Moreover, in hardship cases, delivery can be made to the home of the customer. Changes in the type of delivery are considered where service by existing methods would impose an extreme physical hardship for an individual customer. Any request for a change in delivery method must be submitted in writing to the administrative postmaster. FD at 3. Furthermore, services are also available for customers who do not have computers. As previously mentioned, Stamps by Mail and Money Order Application forms are available for customer convenience. Stamps are also available at

many stores and gas stations where customers may already shop, or by calling 1-800-STAMP-24. FD at 5.

With respect to Petitioners Mallory and Brecht's mail security concerns, the record explains that the Postal Service will furnish CBUs free of charge. FD at 2. CBUs provide the security of individually locked mail compartments. The Postal Service also sent a questionnaire to the Postal Inspection Service concerning mail theft and vandalism in the Post Office area. The records of that agency indicate that there have only been four reports of mail theft or vandalism in the area. Item No. 14, Inspection Service/local law enforcement vandalism reports, at 1. As such, there appears to be minimal risk of mail theft or vandalism occasioned by the closing of the Elwell Post Office.

The Postal Service has considered the impact of closing the Elwell Post Office upon the provision of postal services to Elwell customers. The carrier can provide similar access to retail service, alleviating the need to travel to the Post Office. FD at 3. Thus, the Postal Service has properly concluded that all Elwell customers will continue to receive regular and effective service.

Effect Upon the Elwell Community

The Postal Service is obligated to consider the effect of its decision to close the Elwell Post Office upon the Elwell community. 39 U.S.C. § 404(d)(2)(A)(i). While the primary purpose of the Postal Service is to provide postal services, the statute recognizes the substantial role in community affairs often played by local Post Offices, and requires consideration of that role whenever the Postal Service proposes to close or consolidate a Post Office.

Elwell is an unincorporated rural community located in Gratiot County. The Gratiot County Sheriff's Department provides police protection. The community is administered politically by the Seville Township, which also provides fire protection. The questionnaires completed by Elwell customers indicate that, in general, the retirees, farmers, commuters, and others who reside in Elwell must travel elsewhere for other supplies and services. See generally FD at 10; Item No. 22, Returned customer questionnaires and Postal Service response letters.

Petitioner Mallory asserts that the Elwell community is entitled to the same efficient Postal Service provided to their counterparts in urban areas. The Postal Service notes, however, that Post Offices are reviewed on a case-by-case basis. When there is a vacancy in a small office, it is customary to conduct a study of the business activity and investigate the feasibility of providing service by alternative means. FD at 3. This analysis is not limited to Post Offices in rural areas. Retail units in urban areas are also considered for closure. In fact, the Postal Service is in the process of analyzing closing numerous retail facilities located in urban facilities. See PRC Docket No. N2011-1. In this case, it was determined that the Postal Service could continue to provide a maximum degree of effective and regular postal services to the community through cost effective means.

Petitioner Mallory also raises concern for the elderly because of the special assistance they received from the postmaster. The Postal Service explained that if customers need special assistance, courteous and helpful service will be provided by the personnel at the administrative Post Office, other local Post Offices, and from the carrier. FD at 4.

In addition, the Postal Service has concluded that nonpostal services provided by the Elwell Post Office can be provided by the Riverdale Post Office. FD at 10. Government forms usually provided by the Elwell Post Office will also be available at the Riverdale Post Office or by contacting local government agencies. FD at 10.

Thus, the Postal Service has met its burden, as set forth in 39 U.S.C. § 404(d)(2)(A)(i), by considering the effect of closing the Elwell Post Office on the community served by the Elwell Post Office.

Economic Savings

Postal officials also properly considered the economic savings that would result from the proposed closing, as provided under 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service estimates that carrier service would cost the Postal Service substantially less than maintaining the Elwell Post Office and would still provide regular and effective service. Item No. 21, Letter to Customer, at 1. The estimated annual savings associated with discontinuing the Elwell Post Office are \$51,405.00. FD at 10. Economic factors are one of several factors that the Postal Service considered, and economic savings have been calculated as required for discontinuance studies, which is noted throughout the administrative record, consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iv). FD at 10.

Petitioner Hutchins questions the consistency of this proposal with statutory authority in Title 39 providing that no small Post Office may be closed solely for operating at a deficit. Here, however, a variety of factors inform the decision to discontinue the Elwell Post Office, including a postmaster vacancy, minimal workload,

declining office revenue,¹⁸ the variety of delivery and retail options (including convenience of rural delivery and retail service),¹⁹ very little projected growth in the area,²⁰ minimal impact on the community, and expected financial savings.²¹ In this case, the Postal Service analyzed, among the various factors just listed, the Elwell Post Office's workload and revenue. The consideration of an office's workload and revenue is not inconsistent with the policies of Title 39, however, because analysis of workload and revenue does not imply that a small Post Office is operating at a deficit. The Postal Service then analyzed the information it had gathered and determined that a maximum degree of effective and regular postal services to the area and community could be provided with rural route service in the absence of the Elwell Post Office.

Petitioner Mallory and other customers suggest strategies that might reduce costs. These strategies include reducing the days that the facility is open. The Postal Service has broad experience with similar options. However, in this case, it has determined that carrier service, coupled with service at the nearby Riverdale Post Office, is a more cost-effective solution than maintaining the Elwell postal facility and career position. The Postal Service's estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations.

The Postal Service, therefore, has considered the economic savings to the Postal Service resulting from such a closing, consistent with its statutory obligations and Commission precedent. See 39 U.S.C. § 404(d)(2)(A)(iv).

Effect on Employees

¹⁸ See note 7 and accompanying text,

¹⁹ FD at 2-9.

²⁰ Item No. 16, Community Survey Sheet.

²¹ FD at 10; Item No. 29, Proposal Checklist, at 2.

As documented in the record, the impact on postal employees is minimal. The postmaster retired on January 30, 2009. Since the postmaster vacancy, a noncareer OIC was installed to operate the office. Upon implementation of the Final Determination the noncareer OIC may be separated from the Postal Service, although attempts will be made to reassign the noncareer OIC to a nearby office. FD at 10. The record shows that no other employee would be adversely affected by this closing. FD at 10; Item No. 15, Post Office Survey Sheet, at 1.

Therefore, in making the determination, the Postal Service considered the effect of the closing on the employees at the Elwell Post Office, consistent with its statutory obligations. See 39 U.S.C. § 404(d)(2)(A)(ii).

Conclusion

As reflected throughout the administrative record, the Postal Service has followed the proper procedures and carefully considered the effect of closing the Elwell Post Office on the provision of postal services and on the Elwell community, as well as the economic savings that would result from the proposed closing, the effect on postal employees, and other factors, consistent with the mandate of 39 U.S.C. § 404(d)(2)(A).

After taking all factors into consideration, the Postal Service determined that the advantages of discontinuance outweigh the disadvantages. In addition, the Postal Service concluded that after the discontinuance, the Postal Service will continue to provide effective and regular service to Elwell customers through carrier service. FD at 9, 11. The Postal Service respectfully submits that this conclusion is consistent with and supported by the administrative record and is in accord with the policies stated in

39 U.S.C. § 404(d)(2)(A). The Postal Service's decision to close the Elwell Post Office should, accordingly, be affirmed.

The Postal Service respectfully requests that the determination to close the Elwell Post Office be affirmed.

Respectfully submitted,

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